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DEPARTMENT FOR EUR/AGS

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TAGS: [PGOV](#) [PREL](#) [EU](#) [AU](#)

SUBJECT: AUSTRIA'S LEADING PARTY FAVORS EU REFERENDA, PUTS
COALITION AT RISK

REF: A. VIENNA 843

[1](#)B. VIENNA 404

[1](#)C. VIENNA 274

[1](#)D. 07 VIENNA 2718

Classified by: Economic-Political Counselor J. Dean Yap for
reasons 1.4 (b) and (d).

[11.](#) (U) Summary: The SPO, beset by declining public support and internal squabbles, shocked the Austrian political world June 26 when Chancellor Gusenbauer and acting SPO Chairman Werner Faymann sent a letter to the mass tabloid Kronen Zeitung announcing that henceforth the party will favor national referenda on EU treaties. The move further weakened the strained relations between the SPO and its junior coalition partner, the OVP, and increased the likelihood of early elections in the fall. End Summary.

Surprise Move Strains Coalition

[12.](#) (U) The announcement of the about-face on EU policy by the SPO leadership sent Austria's already fragile coalition government into a free fall. Vice Chancellor and OVP Chairman Molterer called the move "irresponsible" and said it had eroded trust between the coalition partners. Press commentary was even harsher -- one columnist called the move "prostitution," while another accused the SPO of "surrendering to a mass tabloid." The daily Die Presse depicted Faymann on the front cover as a marionette whose strings were being pulled by the Kronen Zeitung. The new policy on referenda would not apply to the Lisbon Treaty, which the Austrian Parliament has already ratified, but would apply to any future EU treaties. It would also, Gusenbauer and Faymann stated, apply to any future decision on Turkish EU accession.

[13.](#) (U) SPO and OVP leaders held an emergency meeting June 29 to discuss the political turmoil, after which both sides said no progress had been made. OVP leaders Molterer, FM Plassnik, Coalition Coordinator Josef Proell, and Caucus Chairman Wolfgang Schuessel met July 1 with President Fischer (SPO) to discuss the conflict in the coalition. After the meeting Fischer told reporters he rejected the idea of early elections, but also distanced himself from his party's new EU policy.

Mixed Reaction Within SPO

[14.](#) (U) The surprise move has been sharply criticized by some within the SPO, particularly in Salzburg Province. Heinz Schaden, SPO mayor of Salzburg, asserted that Gusenbauer and Faymann were "turning Austria into a banana republic." Wolfgang Radleger, former SPO Salzburg provincial chairman, called for a special party meeting to replace the leadership. However, a larger number of SPO leaders averred that the new EU policy was a necessary response to the latest Eurobarometer poll showing that only 28 percent of Austrians view the EU favorably, the lowest level in the EU. At the same time, some supporters acknowledged that they were uneasy with the idea of announcing the new policy to the harshly anti-EU Kronen Zeitung.

Early Elections Now More Likely

¶ 15. (C) The latest conflict has intensified speculation about early elections. Before the EU story broke, most of our contacts predicted the coalition would continue -- leaking, but afloat -- at least until spring. Karl Blecha, president of the Retirees Association and a former SPO Interior Minister, was typical of those who had told us that neither governing party wanted a fall election. Blecha, who has been openly critical of Gusenbauer, argued that both the SPO and the OVP would lose ground at the polls, though perhaps by varying degrees, while the far-right FPO would gain. You would then end up with a "coalition of losers" comprising a weakened SPO and OVP, with an ascendant FPO taunting them from the sidelines, he said.

¶ 16. (C) While that logic still holds, it appears that fewer observers now believe the governing parties can continue to peacefully coexist. Eva Nowotny (please protect), Austrian Ambassador to the U.S., averred to the Charge recently that the new two-headed SPO arrangement of Gusenbauer as Chancellor and Faymann as Party Chairman (reftel A) was unstable and could not last. Werner Fasslabend and Dietmar Halper, president and director, respectively, of the OVP Political Academy, told us June 30 that the SPO's EU gambit was an attempt to prepare for fall elections by identifying with populist views. They believe the SPO would be willing to form a government with the EU-skeptical FPO, regardless of the controversy this would cause. Despite the SPO's howls of protest when the OVP formed a governing coalition with the FPO in 2000, Fasslabend and Halper noted that the SPO was the first party to bring the FPO into the government in 1983. Faymann, however, told reporters June 30 that the SPO would never join forces with an FPO led by current Chairman Heinz-Christian Strache.

¶ 17. (C) The next date to watch is July 7, when the SPO is holding a meeting of the party executive. Speculation that Chancellor Gusenbauer could be replaced by party leader Faymann has cooled, perhaps partly because the EU issue has seized the headlines. However we would also not underestimate SPO caution about another step that could lead to collapse of the coalition, especially in light of a snap poll by Die Presse that showed the SPO falling to seven points behind the OVP (from an average of 3-4 points behind in recent months) after the EU announcement.

Comment: Strife Undermines Bilateral Cooperation

¶ 18. (C) As long as the coalition parties remain focused on their intramural fight and the future of the coalition remains in doubt, it will be difficult to make progress on official U.S.-Austria bilateral issues.

Kilner